



The Best Strategic Thinking For The Oil and Gas Industry

## Have Excess Capacity, Will Work

### Oil & Gas Goes E-Business

## Taking E-Business Offshore

### The Internet in the Oil & Gas Industry

## Leveraging E-Commerce Technology to Increase Capital Efficiency

By Jeff Livesay, Chairman and CEO, WellBid, Inc.

### Leveraging E-Commerce Technology to Increase Capital Efficiency

### E-Business: Fields of Opportunity

### Navigating the New E-Commerce Landscape

### Improving the Workflow Process Through E-Business

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There is a strange dichotomy in the oil and gas business. In some areas, oil and gas companies readily adapt cutting-edge technology (i.e. geographic-information systems or seismic analysis). But, in other areas, the technology is outdated when compared to the state of the art in the software and telecommunications industries. The areas most visibly in need of improvement are communications and commerce.

At a recent luncheon I attended, an audience member asked the presenter whether publicly traded oil and gas companies would have to wait for a "meltdown in the technology sector" before returning to higher multiples. Betting on a technology meltdown is hardly the way to plan for increasing multiples. Betting on technology makes far more sense.

Companies need to leverage technology to reduce costs and increase capital efficiency. Internet companies are lean and mean and enjoy high multiples in part because they tend to have extremely low overhead. They outsource practically every traditional business function imaginable-human resources, financial systems, customer-relationship management, and others. The gross-revenue-to-employee ratios of Internet companies are higher than in any other industry.

Oil and gas companies that adopt a similar approach will see dramatic reductions in operating and overhead costs and the attendant market effects because they can then focus on what they do best: finding and producing hydrocarbons.

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The theme of reducing costs through combining needs isn't new - but the enabling technology is. Software and communications advances will catalyze the formation of virtual oil companies through four prevailing technology trends: more-open, more-collaborative, and higher-bandwidth communications; standardization of data and data markup languages for end-to-end supply chain integration; the establishment of centralized, industrywide repositories of knowledge, or "experience warehouses" of industry best practices; and the outsourcing of traditional information Technology (IT) functions to software centers of excellence, or application service providers (ASPs).

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A publication of the Society of Petroleum Engineers



Society of Petroleum Engineers